



GAIL FARBER, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331
Telephone: (626) 458-5100
<http://dpw.lacounty.gov>

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

December 30, 2015

IN REPLY PLEASE

REFER TO FILE: **WW-3**

TO: Each Supervisor

FROM: Gail Farber *Gail Farber*
Director of Public Works

RECOMMENDATIONS FOR 2016 ADJUSTMENTS FOR DEVELOPMENT AND NEW CONNECTION FEES AND CHARGES FOR THE LOS ANGELES COUNTY WATERWORKS DISTRICTS AND MARINA DEL REY WATER SYSTEM

As instructed by the Board, by January 1 of each year Public Works reviews the fees and charges of the Los Angeles County Waterworks Districts and Marina del Rey Water System for developments and new water services and recommends to the Board any needed adjustments.

We have completed our review and recommend the development and new connection fees and charges be increased by 1.1 percent to offset the annual increase in construction costs as measured by the Construction Cost Index for the Los Angeles region as reported by the *Engineering News-Record* between January 2015 and December 2015 (see attached).

If you have any questions regarding this matter, please contact me or your staff may contact Adam Ariki at (626) 300-3300 or at aariki@dpw.lacounty.gov.

RG:dvt
MEMO788

Attach.

cc: Auditor-Controller
Chief Executive Office (Rochelle Goff)
County Counsel
Executive Office

ENGINEERING NEWS-RECORD
CONSTRUCTION COST INDEX FOR LOS ANGELES

YEAR	MONTH	CCI	%CHG
2015	Dec	11117.28	1.1%
2015	Jan	10999	

$$\text{Adjustment} = \frac{(11117.28 - 10999.00)}{10999} = 1.1\%$$

ENR's 20-city average cost indexes, wages and material prices. Historical data and details for ENR's 20 cities can be found at ENR.com/economics

Construction Cost Index

ANNUAL INFLATION RATE

+2.0%
DEC. 2015

1913=100	INDEX VALUE	MONTH	YEAR
CONSTRUCTION COST	10092.38	+0.6%	+2.0%
COMMON LABOR	21752.79	+0.7%	+2.5%
WAGE \$/HR.	41.32	+0.7%	+2.5%

The Construction Cost Index's annual escalation rate increased to 2.0% in November, up from 1.8% the previous month, as the materials component increased 0.1%.

Building Cost Index

ANNUAL INFLATION RATE

+1.5%
DEC. 2015

1913=100	INDEX VALUE	MONTH	YEAR
BUILDING COST	5563.51	+0.2%	+1.5%
SKILLED LABOR	9696.04	+0.2%	+2.5%
WAGE \$/HR.	53.91	+0.2%	+2.5%

The Building Cost Index's annual escalation rate fell to 1.5% from 1.8% last month, due to a slowdown in labor cost inflation.

Materials Cost Index

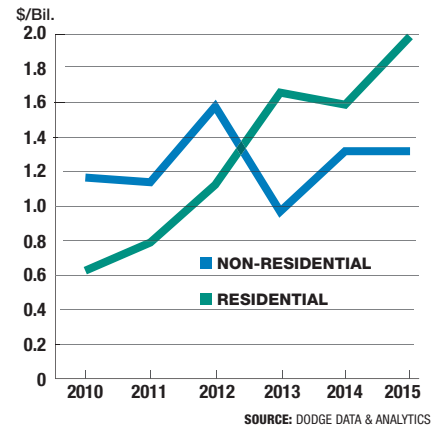
MONTHLY INFLATION RATE

+0.1%
DEC. 2015

1913=100	INDEX VALUE	MONTH	YEAR
MATERIALS COST	3041.38	+0.1%	-0.8%
CEMENT \$/TON	114.72	-0.8%	-0.5%
STEEL \$/CWT	49.58	0.0%	-1.7%
LUMBER \$/MBF	474.06	+0.4%	+0.2%

The steel component of the Materials Cost Index held steady, after falling in the past two months.

Construction starts in the Detroit metro area are expected to increase 13%, to \$3.3 billion, this year according to a forecast by Dodge Data & Analytics, Bedford, Mass. The largest annual gain will be 23.7% for residential building construction, which is predicted to reach \$2.0 billion this year. This increase marks a rebound from a 4.1% decline in 2014. Dodge predicts the non-residential building market will remain flat in 2015, holding at a total of \$1.3 billion.



ENR's Cost Indexes by City

1913=100
1967=100

	CONSTRUCTION COST		BUILDING COST		COMMON LABOR		SKILLED LABOR		MATERIALS	
	DEC. '15: 1913	% CHG. YEAR	DEC. '15: 1913	% CHG. YEAR	DEC. '15: 1967	% CHG. YEAR	DEC. '15: 1967	% CHG. YEAR	DEC. '15: 1967	% CHG. YEAR
ATLANTA	6251.51	-0.1	4112.59	-0.1	805.72	0.0	677.82	0.0	659.19	-0.2
BALTIMORE	6924.34	-1.8	4738.23	-3.6	902.87	+2.4	815.04	+2.6	651.72	-11.6
BIRMINGHAM	7036.17	+1.7	4287.92	+1.1	950.37	+2.4	782.27	+2.1	645.38	-0.3
BOSTON	13193.94	+5.8	6898.15	+2.1	1440.69	+6.9	1292.34	+3.1	631.02	-0.4
CHICAGO	14781.95	+2.8	6945.58	+1.6	1481.38	+3.1	1242.24	+1.9	565.14	+0.8
CINCINNATI	8781.36	-1.5	4731.20	-2.7	881.67	0.0	789.38	0.0	649.95	-6.4
CLEVELAND	11886.81	+0.1	5494.39	+0.4	1062.42	0.0	886.15	+0.4	621.81	+0.4
DALLAS	5556.26	+0.6	4169.76	+0.7	727.89	0.0	716.63	0.0	623.06	+1.7
DENVER	7073.66	0.0	4445.86	0.0	786.97	0.0	730.54	0.0	633.93	0.0
DETROIT	10953.51	+2.5	5749.10	+1.5	975.48	+3.1	930.76	+2.5	578.13	-0.4
KANSAS CITY	10968.19	+0.5	5775.78	+1.1	1259.83	+1.0	1168.03	+2.6	597.88	-1.7
LOS ANGELES	11117.28	+3.4	5825.91	+2.1	1038.57	+3.9	993.62	+2.8	626.09	+0.6
MINNEAPOLIS	11989.10	+1.9	5697.31	+2.1	1245.19	+2.0	1082.20	+2.5	610.26	+1.5
NEW ORLEANS	5863.55	+0.1	3952.60	+0.4	725.09	0.0	645.29	+0.7	659.62	+0.3
NEW YORK CITY	16263.12	+3.5	8640.45	+7.0	1278.75	0.0	1300.00	+10.3	689.78	-2.9
PHILADELPHIA	12187.12	+4.0	6588.31	+2.0	1367.20	+4.2	1174.37	+1.7	700.10	+3.0
PITTSBURGH	8671.66	+2.0	5322.60	+2.0	882.26	+2.4	874.66	+3.0	553.73	+0.2
ST. LOUIS	11647.01	+11.7	5704.70	+1.3	1056.28	+14.2	959.79	+1.9	665.00	+0.3
SAN FRANCISCO	11155.41	+2.2	6389.49	+2.3	956.17	+2.5	1013.05	+3.0	627.60	+0.6
SEATTLE	10398.13	+0.1	5742.93	+2.8	979.08	0.0	1037.06	+3.9	726.23	+0.7

ENR's 20-city average cost indexes, wages and material prices. Historical data and details for ENR's 20 cities can be found at ENR.com/economics

Construction Cost Index

ANNUAL INFLATION RATE

1913=100	INDEX VALUE	MONTH	YEAR
CONSTRUCTION COST	9971.96	+0.4%	+3.2%
COMMON LABOR	21228.82	+0.4%	+3.1%
WAGE \$/HR.	40.33	+0.4%	+3.1%

Annual inflation tracked by the CCI jumped to 3.2% from 2.7% during the previous month, with wages up 3.1% for the year.

Building Cost Index

ANNUAL INFLATION RATE

1913=100	INDEX VALUE	MONTH	YEAR
BUILDING COST	5497.11	+0.3%	+3.3%
SKILLED LABOR	9465.14	+0.3%	+3.0%
WAGE \$/HR.	52.53	+0.3%	+3.0%

The BCI began the year with a 3.3% annual escalation rate, which was up from 2.9% posted in December 2014.

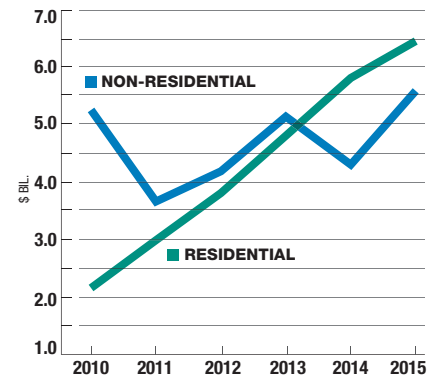
Materials Cost Index

MONTHLY INFLATION RATE

1913=100	INDEX VALUE	MONTH	YEAR
MATERIALS COST	3072.60	+0.3%	+3.7%
CEMENT \$/TON	116.01	-0.3%	+5.0%
STEEL \$/CWT	50.45	+0.3%	+1.9%
LUMBER \$/MBF	471.42	+0.4%	+8.1%

Both steel and lumber prices increased this month, pushing the MCI up 0.3% in January.

Construction starts in the Los Angeles area are predicted to jump 19% to \$12.1 billion in 2015, after increasing just 2% last year, according to the latest forecast by Dodge Data & Analytics. The Los Angeles nonresidential building market is expected to rebound 30% to \$5.6 billion this year after falling 16% in 2014. Office building starts are predicted to more than double. Home building in the LA area is expected to increase another 11% this year.



SOURCE: DODGE DATA & ANALYTICS

ENR's Cost Indexes by City

1913=100 CITY

	CONSTRUCTION COST		BUILDING COST		COMMON LABOR		SKILLED LABOR		MATERIALS	
	JAN. '15 INDEX	% CHG. YEAR	JAN. '15 INDEX	% CHG. YEAR	JAN. '15 INDEX	% CHG. YEAR	JAN. '15 INDEX	% CHG. YEAR	JAN. '15 INDEX	% CHG. YEAR
ATLANTA	6242.13	+4.2	4104.55	+2.0	11492.11	+4.8	5874.47	+1.2	3024.40	+2.9
BALTIMORE	7056.39	+1.7	4917.41	+3.0	12947.37	0.0	7327.93	+0.8	3445.80	+6.0
BIRMINGHAM	6925.78	+2.9	4247.11	+4.2	13292.11	+2.8	6251.05	+5.0	3023.85	+3.1
BOSTON	12475.06	+0.7	6759.80	+2.5	27802.63	0.0	12778.98	+1.6	3080.74	+4.9
CHICAGO	14390.39	+5.9	6841.39	+4.2	32913.16	+6.4	13064.26	+4.8	3037.72	+2.6
CINCINNATI	8915.33	+4.3	4866.75	+7.0	18097.37	+1.2	7452.85	+1.0	3287.63	+6.7
CLEVELAND	11882.43	+5.8	5476.46	+6.3	26336.84	+6.6	9491.29	+8.7	3023.27	+1.9
DALLAS	5523.14	+1.7	4137.98	+1.4	9615.79	+1.0	5978.38	0.0	3014.73	+3.1
DENVER	7077.68	+1.0	4451.35	+2.5	13668.42	0.0	6765.77	+1.7	3038.19	+3.7
DETROIT	10679.50	+3.7	5658.13	+2.1	23152.63	+3.7	9951.35	+1.4	3034.67	+3.6
KANSAS CITY	10903.82	+0.1	5704.99	+0.4	23700.00	0.0	10031.83	+0.3	3061.00	+0.5
LOS ANGELES	10999.00	+2.5	5736.07	+3.0	24921.05	+2.4	10184.38	+3.2	3017.75	+2.7
MINNEAPOLIS	11760.40	+8.2	5571.40	+1.4	26031.58	+9.6	9757.36	+1.3	3013.55	+1.7
NEW ORLEANS	5858.83	+1.1	3935.68	+3.7	10494.74	0.0	5440.84	+3.9	3017.47	+3.6
NEW YORK CITY	16324.80	+4.6	8077.67	+5.1	37689.47	+4.9	16007.21	+5.7	3230.32	+3.1
PHILADELPHIA	11740.21	+1.2	6482.30	+2.6	25889.47	+0.8	12068.47	+2.2	3068.07	+3.5
PITTSBURGH	8699.94	+2.6	5352.72	+3.1	18063.16	+2.4	9266.67	+3.0	2961.19	+3.3
ST. LOUIS	10422.90	+2.8	5622.36	+4.8	22494.74	+3.0	9874.47	+6.3	3024.04	+2.1
SAN FRANCISCO	11173.16	+2.5	6409.56	+2.9	24457.89	+2.5	11937.54	+3.0	3030.91	+2.7
SEATTLE	10388.33	+2.5	5588.61	+2.6	22415.79	+2.4	9797.60	+2.5	3016.66	+2.9